

SEP 3 1987

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

The information submitted discloses that you were incorporated under the Non-Profit Corporation Act in the State of [REDACTED] on [REDACTED], to in part...manage, maintain and supervise the [REDACTED], a horizontal property regime at [REDACTED] and/or provide financial support for such purpose....and to do all things necessary, appropriate, or convenient in furtherance of its operation as an owners' association....

Your activities include providing maintenance of all common grounds, establishing and enforcing rules and regulations governing the use of such areas, enforcing the requirements of the Covenants, Conditions and Restrictions, setting and levying assessments and special assessments against the unit owners, paying insurance, electricity, landscaping, and pool services for the common elements.

Every owner of a unit in the [REDACTED] condominiums shall be a member. The membership is limited to all of the unit owners.

Each unit owner shall be entitled to one vote for each unit owned by him or her.

Your support is from assessments against unit owners. Expenditures are for maintenance, and care of the common areas of the development.

Section 501(c)(4) of the Internal Revenue Code provides exemption for:

"Civic Leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare..."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname							
Date		9-2-87					

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that:

"An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvements."

Revenue Ruling 74-17, 1974-1 C.B. 130, holds that an organization formed by the unit owners of a condominium housing project to provide for the management, maintenance, and care of the common areas of the project, with membership assessments paid by the unit owners does not qualify for exemption under section 501(c)(4) of the Code.

The concept of social welfare implies a service or program directed at benefiting the community rather than a private group of individuals. Like the organization described in Revenue Ruling 74-17, you are providing services to your members that they would otherwise have to provide for themselves. You are a private organization for the benefit and convenience of your members. Any benefits accruing to the community are not sufficient to meet the requirements of the regulations that you will be operated primarily for the common good and general welfare of the people of the community.

Accordingly it is held that you are not entitled to exemption from Federal income tax under section 501(c)(4) of the Code, and you are required to file income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

[REDACTED]

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

[REDACTED]  
District Director

Enclosures:  
Publication 892  
Form 6018  
Envelope

Form <b>6018</b> (Rev. August 1983)	Department of the Treasury-Internal Revenue Service <b>Consent to Proposed Adverse Action</b> (All references are to the Internal Revenue Code)	Prepare In Duplicate
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Case Number [REDACTED]	Date of Latest Determination Letter
Employer Identification Number [REDACTED]	Date of Proposed Adverse Action Letter <b>SEP 3 1987</b>
Name and Address of Organization [REDACTED]	

I consent to the proposed adverse action relative to the above organization as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc. applies, I have the right to protest the proposed adverse action.

#### NATURE OF ADVERSE ACTION

- ☒ Denial of exemption
- ☐ Revocation of exemption, effective
- ☐ Modification of exempt status from section 501(c)( ) to 501(c)( ), effective
- ☐ Classification as a private foundation (section 509(a)), effective
- ☐ Classification as a non-operating foundation (section 4942(j)(3)), effective
- ☐ Classification as an organization described in section 509(a)( ), effective
- ☐ Classification as an organization described in section 170(b)(1)(A)( ), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428.

(Signature instructions are on the back of this form.)

Name of Organization [REDACTED]	
Signature and Title	Date
Signature and Title	Date